

DOCKET NO. 94-196-C - ORDER NO. 94-327✓

IN RE:    Application of Dial Page, Inc.                    )  
         for Authorization to Issue Common                )        ORDER  
         Stock and Other Securities                        )

Dial Page, Inc. (the Applicant) comes before the Public Service Commission of South Carolina (the Commission) seeking authority to increase debt and equity securities. The approval of the Commission is required because of the provisions of S.C. Code Ann. §58-11-240 (1976), as amended, since Applicant holds a Certificate of Public Convenience and Necessity issued by the Commission to provide radio common carrier service to the public in South Carolina.

Applicant is a Delaware corporation authorized to do business in South Carolina, the business of which is providing radio common carrier and other telecommunications services in Florida, Georgia, South Carolina, North Carolina, Tennessee, and Virginia. Applicant holds a Certificate of Public Convenience and Necessity to provide radio common carrier services throughout most of South Carolina. Applicant's stock trades publicly in the over-the-counter market under the symbol "DPGE." Financial information about the Applicant appears in its annual reports on file with the Commission and in exhibits filed with the application and addendum to the application in this matter.

Applicant seeks authority to increase both debt and equity in several transactions, briefly described as follows:

i. A planned public offering of Dial Page, Inc. common stock to be completed when market conditions are deemed best by the Applicant and its advisers. The Applicant seeks authority to issue up to 9,900,000 shares in this offering.

ii. An increase in the Applicant's existing Credit Agreement with CIBC Inc. and other lenders from a minimum of \$25 million to a maximum of \$50 million. Dial Page's lenders have agreed to increase the credit line to \$50 million, but only if Dial Page consummates the purchase of the paging assets and business of American Mobilphone, Inc.

iii. Issuance of up to 600,000 shares of Dial Page stock. The issuance is necessary to complete the acquisition by Applicant's wholly owned subsidiary, Dial Call Communications, Inc., of the telecommunications assets and business of Comm 800, Inc. in Florida.

iv. Issuance of up to 2,000,000 shares of Dial Page, Inc. stock upon exercise of warrants to purchase that stock to be issued in connection with a public debt offering of notes by Dial Call Communications, Inc.

Each of these proposed securities offerings is largely intended to raise capital for further development of the planned region-wide Specialized Mobile Radio system described in this and previous applications on file with the Commission. The increase in Dial Page's credit line for which approval is sought is for the purposes of providing funds to complete the acquisition of the

paging assets and business of American Mobilphone, Inc.

The proposed public offering of Dial Page stock for which the Applicant seeks authority is to be completed when in the view of Applicant and its advisers conditions in the public equity market are best for such an offering. At the price of the Applicant's stock on April 7, 1994, 46½, the maximum amount to be raised in the offering would be \$460,350,000 less the expenses of the offering. The number of shares to be offered and the timing of the offering are best left to the judgment of the Applicant and its advisers. The Applicant will, of course, receive cash upon delivery of the offering shares. The purposes of the offering, to raise additional capital for further development of the regional SMR system as described in the application, and to reduce Dial Page's debt.

Dial Page proposes to increase its existing credit line with CIBC Inc. and other lenders. Dial Page proposes to use a part of the additional borrowing available under the increased line to provide funds to complete the purchase of the paging assets and business of American Mobilphone, Inc., a company which now provides paging services throughout the State of Alabama. Dial Page's acquisition has already been approved by the Alabama Public Service Commission, and by the Federal Communications Commission. The estimated value of the assets and business to be acquired by Dial Page is \$25 million. The "securities" to be issued in connection with the credit line are promissory notes evidencing Dial Page's borrowings under the Credit Agreement.

Dial Page's application in this matter further seeks the Commission's approval to issue up to 600,000 shares of its common

stock to enable a subsidiary of Dial Page to complete the acquisition of the SMR assets of Comm 800, Inc., a corporation providing SMR service to customer in Florida. The purchase is to be made pursuant to a definitive Agreement dated as of December 22, 1993, which provides that the seller may elect to receive, in exchange for its business and assets, either \$18 million in cash, or shares of Dial Page stock at an agreed-upon value. Therefore, the Commission believes the Applicant's request for authorization to issue up to 600,000 shares is reasonable.

By addendum to its application to issue securities, Dial Page sought the Commission's authority to issue up to 2,000,000 shares of common stock upon the exercise of warrants to purchase Dial Page stock. The warrants are to be issued in connection with the sale by Dial Page's wholly owned subsidiary, Dial Call Communications, Inc., of the subsidiary's Senior Redeemable Discount Notes due 2004. The Applicant filed along with the Addendum extracts from Form S-1 as filed with the Securities and Exchange Commission seeking to register the Dial Call Communications, Inc. Senior Notes offering. The Applicant and its advisers believe that, because of recent volatility in the public debt markets, the issuance of warrants to purchase Dial Page stock along with the Senior Notes will reduce the ultimate cost of borrowing by lowering the interest rate on the Senior Notes. The Applicant has previously issued such warrants in a similar offering, and the Commission approved issuance of the Dial Page shares upon exercise of those warrants. The warrants to be issued in Dial Call Communications, Inc. Senior Notes offering will be exercisable within five (5) years after

issuance, at a price not less than the market price of the date of issuance of the warrants. Dial Page will obtain cash equal to the warrant exercise price if and when each warrant is exercised. The proceeds of sale of the warrant shares will be used for general corporate purposes by Dial Page.

#### CONCLUSIONS OF LAW

1. The issuance of up to 9,900,000 shares of Dial Page stock in the proposed public offering, the increase in the credit line and issuance of promissory notes to evidence borrowings thereunder, the issuance of Dial Page shares in the Comm 800, Inc. acquisition, and the issuance of Dial Page shares if and when warrants are exercised, all as described in the application herein, appear to be compatible with the public interest, and according to the applicant, will be necessary and appropriate for, and consistent with, the proper performance by Applicant of its service to the public as a utility, will not impair its ability to perform that service, will be reasonable necessary and appropriate for such purpose, and will be in the public interest. Also, all appear to be consistent with §58-11-240.

2. Approval of the issuance of shares of Dial Page stock, and execution and delivery of promissory notes in connection with the increased credit line, does not bind the Commission as to the rate-making treatment of the issuance of the Dial Page shares or the promissory notes.

3. This Order shall not, in any way, affect or limit the right, duty or jurisdiction of the Commission to further investigate and order revisions, modifications or changes to this

Order in accordance with the law.

4. The Commission's authorization for Dial Page to carry out the requested financial matters is contingent upon the Company making every reasonable effort to ensure that any activities related to such financing arrangements do not have harmful consequences for ratepayers within South Carolina. The Commission wishes to make it clear that in conjunction with its consideration of these financial matters that it expects Dial Page to protect the interest of South Carolina ratepayers at all times.

5. This Order shall be deemed the Certificate of Authority described in S.C. Code Ann. §58-11-240 (1976), as amended.

6. This Order is contingent upon final approval by the Securities and Exchange Commission, with respect to the Dial Page shares to be issued in the proposed public offering, of the Applicant's Form S-1 seeking registration of that offering.

IT IS THEREFORE ORDERED:

1. That Dial Page, Inc. be and it is hereby authorized and empowered to issue and sell up to 9,900,000 shares of common stock, as described in this Order.

2. That Dial Page, Inc. be and it is hereby authorized to execute and deliver its promissory notes to evidence borrowings under the increased credit line with CIBC Inc. of up to \$50 million principal amount at any one time. This \$25 million increase in the credit line is necessary to consummate the purchase of the paging assets and business of American Mobilphone, Inc.

3. That Dial Page, Inc. be and it is hereby authorized and empowered to issue up to 600,000 shares of its common stock. This

stock issuance is necessary to permit the consummation by its subsidiary of the purchase of the business and assets of Comm 800, Inc.

4. That Dial Page, Inc. be and it is hereby authorized and empowered to issue up to 2,000,000 shares of its common stock if and when warrants to purchase such stock are exercised as described in this Order.

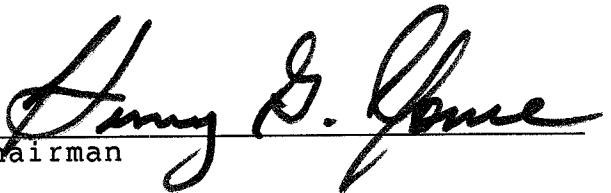
5. Approval of this application does not bind the Commission as to the rate-making treatment of any securities the issuance of which is authorized by this Order.

6. This Order shall not, in any way, affect or limit the right, duty, or jurisdiction of this Commission to investigate and order revisions, modifications or changes with respect to any provision of this Order in accordance with the law.

7. The issuance of Dial Page shares in the propose public offering of stock authorized by this Order shall be contingent upon approval by the Securities and Exchange Commission of the Applicant's Form S-1.

8. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

  
Chairman

ATTEST:

  
Executive Director

(SEAL)